



# THE Agricultural Situation

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**USDA, Colleges "Mobilize" for**

## **New Grasslands Program**

**T**HE DEPARTMENT of Agriculture and the land-grant colleges are mobilizing their research, extension, and action agencies to carry forward in 1951 a broad program for the improvement of the Nation's grasslands.

By encouraging better grasslands, the program will assist farmers and ranchers in carrying out agriculture's essential defense task of making every acre contribute its share to the Nation's supplies of food and fiber.

The program, jointly sponsored by the Department and the colleges, has for its immediate goal the maximum contribution which grasses and legumes can bring to a balanced and abundant supply of farm products during the national emergency. Companion goals include soil conservation, the build-up of soil fertility, and a foundation for an expansion of livestock production to meet the demand for meat and other products anticipated with the growth of the Nation's population.

### **Steering Committee**

First announced at the meeting of the association of land-grant colleges and universities last fall, the program will be guided by a steering committee representing the Department and the State Extension Services and Experiment Stations of the land-grant institutions. The committee's primary function is to encourage cooperative activities which will aid farmers and ranchers in reaching the grasslands goals. The active participation of private organizations and institutions will be enlisted in support of the grasslands work which will be a major activity of the Federal and State agricultural agencies.

At its first meeting in January, the steering committee recommended simultaneous action in the Nation, the regions, the States, and the counties. The State and county programs will be knit together through the State and county USDA Councils. The Department has the responsibility for the

Nation-wide program, while the initiative for regional activities will rest primarily with land-grant college members of the steering committee who represent the land-grant college regions.

### **Would Pay Farmers**

The basis for the program exists in information which has already been assembled in sufficient quantity to show that farm income can be increased substantially in many areas through grasslands improvement. The grasslands systems envisaged in the program will not displace other types of enterprises to any great extent, but will supplement present enterprises and provide for fuller and more effective utilization of the resources on farms now in operation.

Grasslands farming, by the committee's definition, means systems of farming and ranching in which grasses and legumes are included in proper proportions for hay, silage, pasture, and soil conservation and improvement. The development of grasslands farming will move forward as grasses and legumes are fitted into individual farm and ranch management plans in ways which will improve farm income and maintain soil resources.

### **Joint Statement**

At the time the program was announced, Secretary of Agriculture Charles F. Brannan and President John A. Hannah of Michigan State College, chairman of the land-grant association's executive committee, issued a joint statement which set forth the program's purpose in support of national defense as well as for the longterm improvement of the productive capacity of the Nation's farms. The statement said:

"Agriculture has an ideal opportunity, through better grasslands for America, to serve and support the Nation's mobilization. The colleges and

the Department will work together with all their resources to gain the widespread improvement of the Nation's billion acres of pasture, hay land, and range."

"Final responsibility for the improvement rests, of course, with farmers themselves, but our institutions and agencies will provide them with all the assistance and service we can bring to the task of fitting better grasslands and more livestock into balanced farming plans."

### Would Mean More Meat

"By encouraging farmers to develop a sound foundation for expanding their livestock farming in keeping with the Nation's growth in population, the program is designed to help them meet the heavier and inflationary demands for meat and other livestock products which are now foreseen by increasing their production. At the same time, the program will aid farmers in the conservation of soil and water resources and in building up their reserve of productive capacity for any critical needs the future may bring upon us."

In its first report, the steering committee emphasized the need for adjusting credit practices to the pattern of income from grasslands improvements. Often the returns may be small in the years immediately following investment and will increase later. For this reason the methods of financing which are adequate for short-term enterprises do not meet the needs of grasslands farming. Consideration should be given to long-term loans with appraisals and amortization geared to income expectancy. Research and credit agencies should study this situation carefully and, on the basis of research results, the credit agencies should be prepared to adjust their practices to the needs of this system. The committee also proposed that long-term leasing provisions

should be worked out on rented farms to protect the interests of both tenants and landlords and encourage them to make long-term investments.

Seed supplies represent another grasslands problem to which the steering committee gave its attention. In addition to suggesting further research in the production of new varieties, the committee recommended that State and Federal agencies should attempt to determine more specifically the Nation's needs in seeds, both as to varieties and quantities. The committee also pointed out that seed production problems could be eased by closer regional and inter-regional cooperation on the part of research men and seed producers organized in technical and coordinating committees. The expansion of the National Foundation Seed Project and interstate seed certification programs was also suggested.

### The Committee

Members of the committee are:

For the State Extension Services: L. E. Hoffman, Purdue University, chairman for Extension; J. M. Fry, Pennsylvania State College; E. V. Ellington, Washington State College, and L. I. Jones, Mississippi State College.

For the experiment stations: M. H. Campbell, Rhode Island State College, chairman for the experiment stations; H. J. Henney, Colorado A. and M. College; R. D. Lewis, Texas A. and M. College, and R. J. Muckenhurn, University of Wisconsin. (R. W. Cummings, North Carolina, attended the first meeting as the alternate for Director Lewis.)

For the Department: Assistant Secretary of Agriculture Knox T. Hutchinson, P. V. Cardon, administrator of Agricultural Research Administration; M. L. Wilson, director of Extension Service, and W. A. Minor, Assistant to the Secretary.

W. A. Minor  
*Assistant to the Secretary*

# *Reorganization Would Pay*

## *on New England Dairy Farms*

MANY DAIRYMEN in New England could increase their net incomes from \$500 to \$1,000 per year at current price levels by making full use of the latest and best technical information.

This is one of the conclusions of the first of a series of studies dealing with production efficiency on family dairy farms requiring the labor of one to three men. Although the study, which was financed under the Research and Marketing Act, was made in New England, the results probably apply in general to dairy farms elsewhere in the United States.

Greatest opportunities for increasing net income lie in applying the latest technology on a broad scale rather than in piecemeal changes. Many farmers have adopted single improvements such as new legume mixtures, heavier rates of fertilization or the rapid milking technique. Few of them, however, have attempted a thorough reorganization of all phases of production and management.

### **Adjustments Needed**

Broad adjustments are generally needed on New England dairy farms. Yields of hay and pasture tend to be low and the forage produced is frequently of poor quality. Forage crops usually consist of grass mixtures grown in long rotations. Use of fertilizers, particularly commercial fertilizers and lime, is at low levels. Farm buildings and equipment are often outmoded making it difficult to use labor efficiently. However, milk production per cow is higher than in most other areas, partly because of heavier rates of concentrate feeding.

The adjustments open to New England dairymen fall into four major groups:

- Improvement in forage production.

This includes the latest recommendations of the agronomists on seeding

and the use of fertilizer. Many of these practices result in higher yields, improved quality and better seasonal distribution of forages. They permit the farm to carry more livestock without depleting soil resources.

### **No Increase in Labor**

- Changes in forage harvesting methods.

Increased forage production could be handled without increasing the farm's labor force by using newer machines, such as the field pick-up baler and the field forage harvester, and by relying more heavily on custom hired work. Mow finishing of hay, according to preliminary research results, will provide 5 to 10 percent more milk per acre of forage than regular field curing methods. The increase may be as high as 40 percent in comparison with field cured hay that has been rained on.

- Improved chore practices.

Adoption of the fast milking technique would help many dairymen cut the time required for chores. Changes in the order in which jobs are done, in the way work is done, in the layout of farm buildings, and the arrangement of equipment often can cut labor requirements per cow nearly a third.

### **More Milk Per Cow**

- Improved livestock management.

Changes in breeding, feeding, rearing, disease control and other practices when coupled with better quality forage will result in larger output of milk per cow.

With full use of the latest technology on family dairy farms in New England, it is estimated that milk production per farm could be raised 20 to 45 percent by increasing both cow numbers and production per cow. This could be done without any increase in land and labor.

The increase in investment in equipment, buildings and other resources would not be large.

An idea of how a broad reorganization of a dairy farm might work out can be obtained by comparing a typical two-man farm as it is today with the way it might be after the latest in technology had been applied. This typical farm has 26 cows (herds from 10 to 29 cows produce the bulk of the milk in New England), 9 heifers 1 year old and over, 9 calves, and 1 bull. There is a team of horses, though the farm also is equipped with a tractor. Sixty-nine acres are in crops and 120 acres in permanent pasture. Regular labor used on the farm amounts to 1½ man-years while 0.15 of one man-year of seasonal labor is hired.

Herd management would get a lot of attention during reorganization. Improvements in the way barn chores are handled and adoption of the rapid milking technique will make it possible to cut chore time from 100 hours per year per cow to 88. Less chore time also will be required for replacement stock. Better disease control, more rigid culling and more cow comfort will raise the average herd life from 3 years to 5 years. The horses will be sold.

### More Forage Needed

These changes will make it possible to handle 34 cows with the same amount of labor now required for 26.

More cows will require more feed so the farm's cropping program also will get plenty of attention. More legumes will be used in the hay mixture. Rotations will be shorter and more fertilizer will be used. Corn will get 12 tons of manure and 250 pounds of 5-10-10 commercial fertilizer per acre at planting. Mixed ladino seedlings will receive 2 tons of lime, plus 10 tons of manure and 500 pounds of superphosphate. All hay will receive an annual top dressing of either 10 tons of manure per acre amended with 250 pounds of superphosphate or 600 pounds of 0-14-14 fertilizer. Suitable areas of permanent pasture will be improved and treated every third year with 8 tons of manure and 400 pounds

of superphosphate and with 1 ton of lime every 7 years.

As a result of these practices, production of forage would increase about one-fourth. Use of hired custom equipment for corn planting and harvesting and pasturing more of the farm forage would prevent any increase in labor requirements.

### More Equipment

Some additional equipment would be purchased during reorganization. A fan and electric motor would be needed for barn finishing the hay. One more single unit milker would be required as well as a larger milk cooler. Part of the cost would be offset by selling some of the horsedrawn equipment. The net addition to investment in equipment would be about \$300.

Changes in barn facilities also would be needed although they will be small.

Ducts would have to be built in the mows to barn finish the hay. Stable space formerly used by the horses would be remodeled for cows. Silo capacity would be increased. All in all, these changes would amount to an additional investment of about \$1,500.

After reorganization milk production per cow would be at least a tenth higher than before. This would result from improvement through breeding, increased cow comfort, better disease control and better quality of young stock as well as better distribution of pasturage throughout the season, and a higher quality of both hay and pasture. Since the farm would have eight more cows, total output of milk from the farm will increase about 45 percent. The amount of land and labor used would remain the same, and changes in the amounts of equipment, buildings and other resources would not be large.

### Income Would Go Up

Along with the increase in productivity under the reorganization, the farmer would find a noticeable improvement in his income. Assuming prices received and cost rates at about current levels, the net income would be \$1,035 higher than under the old plan.

Most of the increase in income would result from the gain in farm output. Costs per 100 pounds of milk produced probably would not be reduced greatly, though a reduction of about 10 percent is likely.

The farm we have been discussing is not a particular farm. It is a farm typical of many in New England. Production of crops and livestock on this farm, before and after reorganization, is based on conditions typical of the area. Costs and income are figured by assuming prices at about current levels. However, this "typical farm" example gives New England dairymen a good idea of what they can expect from a broad, well-planned organization.

Each farmer would have to plan according to his particular circumstances. The forage crops a farmer adopts would depend, among other things, on the type of soil on his place. The amount and type of equipment needed would vary from farm to farm. The same would be true of changes in barn chores and other herd management practices.

In planning a reorganization, a farmer will find it worth while to get the opinions of agronomists, dairy nutritionists, farm management specialists, and other experts. Because of the broad scope of his plan, the more information he gets, the better will be his chances for success.

Silas B. Weeks and G. E. Frick  
*Bureau of Agricultural Economics*

## New Product

Development of a new cheese product—hydrolyzed whey protein—that is suitable for use in cheese spreads and other foods has been announced by the U. S. Department of Agriculture.

Hydrolyzed whey protein is a smooth bland product made from the protein precipitated from cheese whey. The precipitate is converted, or hydrolyzed, by a commercial enzyme into a product of excellent taste that compares favorably with cream cheese in food value. From 4 to 5 pounds of the new product can be made from 100 pounds of whey, and no special equipment is needed for its manufacture in the cheese factory.

## Farm Buyers Paying Off FHA Loans Ahead of Schedule

WHEN THE Government started in 1938 to make 100 percent, 40-year loans to tenant farmers to buy farms, no one expected that within 12 years, one-third of the loans would be paid in full and many other borrowers would be ahead of schedule.

From the start of the farm ownership program to the end of 1950, the Farm Security Administration and its successor, the Farmers Home Administration, made direct real estate loans amounting to \$320,000,000. From November 1946 to December 31, 1950, real estate loans for \$37,000,000 made by private lenders were insured. Assistance has been available only to families who could not obtain adequate credit from other sources at reasonable rates.

One third of the 66,073 loans advanced by March 31, 1950, had been repaid with interest by that date. Of the 43,000 borrowers with balances outstanding on March 31, 1950, almost 6 out of 10 were ahead of the regular amortization requirements, 2 out of 10 were on schedule and about the same proportion behind schedule. Figures show total probable net losses of \$552,319 through June 30, 1950—only 14 cents per hundred dollars loaned.

The farm ownership program came into being on the heels of the depression of the early thirties. Congress held hearings and studied the problem of insecure tenure on the land. The Bankhead-Jones Act resulted. The part of the act which created a program of loans for the purchase of family-type farms was assigned to the FSA.

The relatively high price for farm products of the war and postwar years are, of course, an important factor in the good repayment record. In addition, the technical supervision of farm and home management provided under the program has contributed much.

Loans made on the program were based on complete farm and home

planning. Technical farm and home supervision was provided which encouraged adoption of approved farm and home management practices and a sound family-type farm business. The results of the program so far indicate that many young farm families can make a success of farm ownership if they can obtain liberal credit based on the long-time earning capacity value of the farm they wish to buy and if the credit is accompanied by supervision.

The number of families receiving loans in any one year has not been large. However, the improved farm and home practices on these farms have served as examples to other farmers. Furthermore, the establishment of successful farm operators has been beneficial to local communities.

The program provided loans up to 100 percent of the long-time earning capacity value of the farm. The loans were repayable with 3 percent interest over a 40-year amortization period. Shortly after the program began, however, provision was made for payments to be matured each year on the basis of the income available for payment. If the borrower could pay more than the amortized amount, more was matured. If the income available for payment was less than the amortized amount, the borrower was billed for only the amount he could pay.

Today, the tenant purchase program is much like it was at the beginning. The principal changes have been an increase in the interest rate from 3 percent to 4 percent and some tightening of the requirement that a certain amortization payment be made each year.

There has, however, been a major addition to the source of loan funds. Since 1946 when the Farmers Home Administration took over the program, provisions have existed for insuring mortgages for loans of this type made by private lenders. Also, since 1946 loans have been available for the enlargement of farms too small for efficient family type operations and for the improvement of under-developed farms. In the past few years, increasingly larger portions of the loan money has gone into loans of this type.

Dillard B. Lasseter

*Farmers Home Administration*

# Outlook Highlights

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## Arms Spending Picks Up

Expenditures on national security programs are expected to pick up rapidly this year. Spending for these purposes in 1950-51 fiscal year totaled 18 billion dollars. Currently, expenditures are running at an annual rate of around 20 billion. By January 1951, the rate is expected to be between 45 and 55 billion.

At present, spending for national security represents about 7 percent of our national production of goods and services. By the end of this year, the percentage will be 18 or more.

The budget presented to Congress by the President in January called for expenditures totaling 71.6 billion dollars during the 1951-52 fiscal year. Of this 52.4 billion, or 73 percent would be spent for national security programs. The 1950-51 budget expenditures are estimated at 47.2 billion with 27.1 billion or 57 percent being spent for national security.

## Farm Wage Rates Up

Farm wage rates moved upward during 1950 and at the end of the year averaged 7 percent higher than in December 1949. Biggest increase was in rates paid regular full time workers. This probably reflects the efforts of farmers to keep dependable workers in the face of increasing competition from industry. The smallest increase was in the hourly rates paid farm labor.

Fewer people were working on farms in December than in any other December on record. The total of 6,742,000 included 5,857,000 family workers and 885,000 hired workers and was 6 percent less than a year earlier.

## Hog Slaughter Down

Hog slaughter has been declining seasonally since mid-December. No increase is expected until the middle of March when 1950 fall pigs will begin coming to the market in volume.

Continued on page 14

# Steady Rise Pushes Property Tax to Head of Farmers' List

**TAXES PAID** by farmers on real and personal property increased steadily during the last decade and in 1950 again cost farmers more than any other tax.

The property levy has headed the list of taxes paid by farm folks in most years of the past. The only exception was the 1945-49 period when income taxes increased sharply to become the leading tax of agriculture. (See table below.)

## States Drop Tax

The gain in the amount of property taxes paid by farmers has occurred in spite of the fact that 23 State governments now levy little or no general property tax for State purposes. Several States abandoned this tax as a major source of revenue during the depression of the 1920's when property tax delinquency rose sharply. The property tax disappeared in other States during World War II when the revenues of some States exceeded expenditures.

This year the following States will collect little or no tax on real and personal property: Arizona, Arkansas, California, Connecticut, Delaware, Florida, Illinois, Iowa, Michigan, New Hampshire, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Vermont, and Virginia.

The amount of taxes levied on all farm and nonfarm property in the United States was almost as large last year as when all of the States used this tax. Property taxes levied by State governments totaled 328 million dollars in 1932, 271 million in 1942, and 305 million in 1950, according to preliminary estimates. States still levying a property tax have increased assessed values or tax rates, or both, in recent years.

## Gain in Local Taxes

The increase in property taxes paid by farmers has come largely from those levied by more than 150,000 local

## Property and Federal Income Tax

### Payments of Farmers

Year	Property-tax payments <sup>1</sup>	Federal income-tax payments <sup>2</sup>
1941	1,000 dollars	1,000 dollars
1942	445,665	15,000
1943	456,696	50,000
1944	460,566	425,000
1945	472,483	3275,000
1946	495,104	3725,000
1947	554,181	720,000
1948	616,621	760,000
1949	705,161	960,000
1950	765,847	791,000
	823,209	675,000

<sup>1</sup> Amounts are the levies of the preceding year. In about two-thirds of the States, however, such levies are payable in the year following the year of levy. Data for 1946-50 are based partly on preliminary estimates.

<sup>2</sup> Amounts are those payable primarily on the previous year's income.

<sup>3</sup> The "pay-as-you-go" system of income-tax collection adopted in 1943 was mainly responsible for the lower estimate of taxes payable in 1944 and the much higher amount in 1945.

governments including 109,000 school districts, 19,000 towns and townships, 8,000 special districts, 3,000 counties and some of the 16,000 incorporated places.

Despite many new taxes in recent years, property taxes are the chief source of revenue of local governments. They account for 80 percent of the total tax receipts of cities, about 95 percent of the revenues of school districts and nearly all of the revenues of the other types of local government.

Taxes paid by farmers and others on local property amounted to 4.4 billion dollars in 1932, 4.3 billion in 1942, 4.6 billion in 1945 and an estimated 6 billion in 1950.

### Inequality Is Charged

Property taxes have been criticized a good deal in recent years. Many of these criticisms center around the problem of inequality. Some property owners are taxed proportionately heavier than others in the same tax district. It is also contended that property owners pay more than their share of the total tax burden. During the last decade, the problems of the property tax have been studied and discussed and some progress has been made in solving them.

Inequalities in assessing property have a variety of causes. In many places, assessment figures on the tax rolls have been copied from year to year without change. As a result, tax rolls do not reflect changes in the value of property. Over a period of time these changes are likely to be considerable.

Another practice leading to inequality in the property tax burden is the custom of increasing the valuation of individual parcels of real estate only when they are sold. A third practice is that of permitting the taxpayer to make his own valuation of his property.

Several attempts have been made to improve assessment procedures to end these inequalities. In some cases, governmental manuals have been worked out for State-wide use which make farm lands as well as urban properties subject to uniform assessment procedures. Aerial photography is being used by some governments in their assessment work. Often these governments hire private assessing companies to do this work.

Another approach is designed to get better work done by those who are administering property taxes, particularly in the counties. Programs of this kind include the use of Civil Service examinations in hiring assessors, annual training schools for assessors, news bulletins for distributing useful information to assessors, and higher pay.

### Other Sources Used

Finding other sources of revenue is another method that has been used to reduce the pressure on property levies. Many States are aiding local governments with funds obtained from non-property taxes. State and local governments have received increased aid from the Federal Government in the form of school, highway, and special purpose contributions. Authority to levy other kinds of taxes have been granted by the States to local governments, particularly to those in urban or semiurban communities.

Programs dealing with property taxation have improved the situation in several States but in others the situation has become no better or is worse. On the whole, the gains probably outweigh the losses. But much remains to be done to improve the taxation of property, particularly by governments which depend heavily on property taxes for their revenue.

Tyler F. Haygood  
*Bureau of Agricultural Economics*

## The Fertilizer Outlook

# Nitrogen, Potash Supplies Up; Superphosphates Down

THE SUPPLY of nitrogen and potash for fertilizer purposes for the 12 months ending June 30, 1951 is expected to exceed all previous records. However, the supply of superphosphates in 1950-51 will be less than in 1949-50 because of a shortage of native or crude sulfur which is required for production of the sulfuric acid used in making phosphates.

During 1950-51, the quantity of nitrogenous fertilizer in all forms expected to be available for use by farmers is estimated at approximately 1,250 thousand tons, nitrogen (N) content basis, compared with approximately 1,030 thousand tons in 1949-50 and 1,005 thousand tons in 1948-49.

### Imports Up Slightly

The 1950-51 estimate assumes that imports will be slightly higher than in 1949-50 and that commercial exports will be lower. Nonagricultural uses are higher than last year and some further increases may be expected during the next several months.

All synthetic ammonia plants in the country are being operated with the exception of the plant at Morgantown Ordnance Works which is being maintained by the Army in stand-by reserve.

Production of available phosphoric acid from normal and concentrated superphosphates and wet base goods during the 12 months to June 30, 1951 will total approximately 1,803 thousand tons.

It is estimated that production of miscellaneous forms of phosphate fertilizers such as calcium metaphosphate and phosphoric acid used for fertilizer as such will be about the same as in 1949-50. Imports and exports of processed phosphatic fertilizer are not large in relation to total production.

Probably the most difficult current problem with respect to superphos-

phate production is the reduction in the supply of sulfur to produce sulfuric acid. Although limitation has been placed on the quantity of native (crude) sulfur to be exported in 1951, the supply for domestic use is expected to be approximately 20 percent less than received last spring. This cut-back should be considered with the fact that a considerable tonnage of superphosphate is being made by by-product acid and to some extent with spent acid.

### Less Than 1949-50

Taking these factors into consideration, it is estimated that the domestic supply of phosphatic fertilizers in all forms and from all sources—including net imports—for 1950-51 will total some 1,921 thousand tons, P.O. basis, compared with 2,060 thousand tons in 1949-50 and 1,910 thousand tons in 1948-49.

Based on a continuing high level of production during the remainder of 1950-51, it is estimated that domestic deliveries of potash, plus imports, will reach approximately 1,300 thousand tons K<sub>2</sub>O content. This compares with the 1,125 thousand tons in 1949-50 and 1,070 thousand tons in 1948-49. As about 85 percent of the United States' output of potash salts originates in the Carlsbad, N. Mex. area, distribution depends upon rail transportation and therefore is particularly sensitive to any railroad transportation difficulties.

### A Steady Gain

During recent years, use of the three principal plant nutrients contained in fertilizers—nitrogen, phosphoric acid, and potash—has increased about 10 percent per year. Last year, preliminary estimates indicate that farmers in the United States and its territories used approximately 1 million tons of nitrogen, 1.9 million tons of phosphates

and 1.1 million tons of potash. Supplies of the three nutrients, in prospect for 1950-51 total about 12 percent larger than the quantity estimated to have been used in the preceding year. In the case of phosphates alone, however, supplies are about 1 percent below the amount estimated to have been used in 1949-50. Furthermore, use of phosphates last year probably would have been greater if more had been available to farmers.

The role of fertilizer as a factor in agricultural output has been gaining in relation to that of most other production factors. Rates of application of

fertilizer per acre generally have been well below the rates that would have been most profitable under recent price relationships.

In view of the demand and price outlook for farm products and the need for greater production because of the national emergency, demand for fertilizer will be strong this year. Despite record supplies, all of the nitrogen and potash available will find a ready market, while supplies of the phosphates are likely to be short of demand.

L. G. Porter and T. H. Tremearne  
*Production and Marketing Administration*

## The Ceiling Price Regulation

THE ECONOMIC Stabilization Agency announced a General Ceiling Price Regulation and General Wage Stabilization Regulation 1, on January 26. The purpose of the General Ceiling Price Regulation was "to establish ceiling prices for all commodities and services (except those specifically exempt) upon the basis of prices in effect during the period from December 19, 1950 to January 25, 1951, inclusive."

Some of the exemptions of particular interest to farmers are: (1) Any raw and unprocessed agricultural commodity when sold by the producer of that commodity; (2) Any commodity grown and processed on the farm when sold by the farmer if the total of such sales and deliveries does not exceed \$200 in any one calendar month; (3) American-Egyptian cotton; (4) All live animals; (5) All fresh fruits and vegetables and tree nuts; (6) Seeds including hay, pasture, legume and cover crop seeds and other seeds.

Ceilings were established on wholesale and retail sales of most foods and other commodities made in whole or in large part from agricultural commodities—along with ceilings on other goods and services. But the general regula-

tion contains provisions by which those ceilings can be adjusted to meet requirements of the Defense Production Act that ceilings cannot be established at levels which will prevent prices received by farmers for individual farm products from rising to the following levels, adjusted for grade, location or seasonal differentials: (1) the parity prices, or (2) the highest price received by producers during the period from May 24 through June 24, 1950.

The ESA also announced its intention of modifying the general regulation by more specific ceilings. Although such additional regulations might change the list of exemptions, they would not, of course, set ceilings on farm products themselves below the levels specified by the Defense Production Act.

Among the farm products for which prices were known to be above the legal minimum ceiling prices at the time this went to press were beef cattle, veal calves, lambs, hogs, cotton and wool. Among the farm products for which prices were below the legal minimum ceilings were apples, chickens, corn, eggs, milk at wholesale, potatoes and wheat.

# Truck Regulations Eased

**but are still an issue**

**I**NTERSTATE truckers are faring somewhat better under State regulation than they did before World War II. However, some regulations, particularly those governing sizes, weights, and taxes, are regarded by many, including agricultural haulers, as more restrictive than necessary and by some as real barriers to interstate hauling.

The basic purpose of State regulation of the size and weight of motor vehicles has been the protection of highways from damage. Taxes are collected mainly to help pay highway costs. But State highways generally are in poor repair because of deferred maintenance during the war and the rapid growth in traffic since. The States are under pressure for greater revenue to finance a tremendous backlog of needed construction and maintenance.

All highway costs reflect the sharp postwar rise in the price level. Because of their concern over protecting the investment in both old and new highways, many States are beginning to question the wisdom of postwar liberalization of truck size and weight allowances, to say nothing of making further concessions.

## Limits Increase Costs

On the other hand, highway transportation has become highly essential in the national transport system. Limits inevitably increase operating costs of interstate truckers. The already high level of transportation costs must be taken into account by State legislatures that are considering regulations or taxes. Regulation is made more difficult by the lack of any reliable measure of the effect of weight and other factors on highway deterioration.

State size and weight laws have been liberalized considerably since 1941. Nevertheless, maximum allowances remain far from uniform among the States. Gross weight limits on the largest commercial motor vehicle com-

bination range between 35,000 and 110,000 pounds, as against 18,000 and 108,000 pounds before the war. Thirty-four States allow at least 60,000 pounds maximum gross weight. The Southern States tend to have the lowest weight allowances and the Western States the highest. Regional uniformity thus permits the larger trucks to move rather freely among States of the same area. In moving between areas, however, loads might have to be reduced.

## Lower Limits Raised

Gross weight allowed 3-axle semi-trailer combinations, the most common type used in over-the-road hauling, range between 35,000 and 60,000 pounds, as against 18,000 and 60,000 pounds in 1941. Forty-one States permit at least 45,000 pounds. Consequently, these vehicles can move with full payloads over large areas.

Truck height and length allowances also have been increased. All States now permit combinations to be at least 45 feet long. Before the war individual State limits were as low as 30 feet. In 1941, the lowest allowance on height was 138 inches. All States now permit at least 150 inches. However, differences in length and height allowances are still troublesome.

Improvement in vehicle design in recent years has helped operators overcome some of the difficulties resulting from restrictions on size and weight. Use of more axles makes possible greater gross weights in most States. Use of lighter materials in vehicles has enabled them to carry greater payloads without exceeding gross weight maximums. Nevertheless, even moderate differences in maximums among States have a considerable effect on trucking costs and charges.

During the current national emergency, heavier loading may eventually be necessary to utilize motor vehicle equipment to the best advantage. The Defense Transport Administrator has already called upon the States volun-

tarily to eliminate unjustifiable "barriers" to interstate trucking. He has suggested that the Federal Government may request the States to liberalize size and weight regulations as was done during World War II.

Many States have raised motor vehicle taxes since the war; others are contemplating increases. This is a matter of concern to truck operators who feel that the burden may discourage some interstate hauling, particularly because taxes are often levied without regard to volume of business.

### Taxes Up 12 Percent

A recent study by the Bureau of Agricultural Economics, which compares prewar and current individual State taxes for a typical 3-axle semi-trailer combination under a standard set of operating conditions, shows that taxes on this vehicle are up, on the average, 12 percent over prewar. Today this vehicle, without reciprocity, would pay an average individual State tax of \$490 as against \$441 prewar. It would pay as little as \$186 in Massachusetts, and as much as \$1,081 in Louisiana.

Despite the gains made by motor carriers in the last decade, many problems still have not been solved. Basically, they stem directly from the over-all highway problem.

Differences in regulations governing truck sizes and weights, the States maintain, result from wide differences in road facilities. However, the trucking industry continues to work for uniform regulations and for higher maximums for weight and size. On the other hand, competing transportation services are advocating reduced allowances. Several bills were introduced in the Eighty-first Congress with a view to attaining national uniformity but none of them became law.

Lack of sufficient engineering information has a major handicap in dealing with the problem. Part of this information may be supplied by a road test made in 1950 on a section of concrete pavement in southern Maryland. The test was made by the Highway Research Board in cooperation with the Bureau of Public Roads on behalf of several States. The object was to de-

termine the relative effects on the highway of four different axle loadings. This information will be useful in appraising the load-carrying capacity of existing concrete pavements, in designing new pavements, and in drafting future highway legislation. Similar studies are being considered.

Until expert engineering data are available and have been translated into law, size and weight limits continue in dispute. Vigorous law enforcement campaigns are reported generally, and jail terms for drivers of over-weight trucks are frequent. Most States have been looking into the question of size and weight adjustments as part of their long-range highway planning studies. Preliminary reports of findings do not suggest that truckers can expect much in the way of increased limits. Truckers, however, continue to maintain that differences in State size and weight regulations frequently make it necessary to divide heavy shipments at State lines, and that adequate payloads cannot be hauled in States whose size and weight maximums are low.

The multiplicity of State taxes and the level of tax burdens on the trucking industry also appear likely to remain controversial subjects. Many States have had legislative committees or private consultants studying their tax problems. From published reports and from actions taken by the few legislatures in session in 1950, it appears that tax increases will be issues in a majority of States in the next 2 years.

### New Kinds of Taxes

With all States searching for new sources of tax revenue for all functions of government, including highways, the trucking industry is concerned over the new types of taxes being added to the usual State motor vehicle tax schedules. Some — particularly franchise and gross receipts taxes — have already been challenged in the courts as discriminatory against interstate commerce. However, not enough cases have been decided to remove much of the uncertainty in the field of State taxation affecting interstate motor vehicles.

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## Prices of Farm Products

[Estimates of average prices received by farmers at local farm markets based on reports to the Bureau of Agricultural Economics. Average of reports covering the United States weighted according to relative importance of district and State.]

Commodity	5-year average		Jan. 15, 1950	Dec. 15, 1950	Jan. 15, 1951	Effective parity prices Jan. 15, 1951 <sup>2</sup>
	Base per od price 1910-14 <sup>1</sup>	January 1955- December 1939				
<b>Basic commodities:</b>						
Cotton (round).....cents..	\$ 12.4	10.34	26.47	40.36	41.31	32.98
Wheat (busheL).....dollars..	.884	.837	1.02	2.03	2.00	2.35
Rice (ewt.).....do.	1.98	1.65	4.41	5.32	5.55	5.30
Corn (busheL).....do.	1.642	.691	1.15	1.45	1.54	1.71
Peanuts (pound).....cents..	3 4.8	3.55	10.5	10.9	10.9	12.8
<b>Designated nonbasic commodities:</b>						
Potatoe (busheL).....dollars..	\$ 1.12	.717	1.35	.889	.986	\$ 1.76
Butterfat (pound).....cents..	27.7	20.1	62.5	64.8	70.2	74.0
Milk, wholeseL (100 lb.).....dollars..	1.73	1.81	4.07	4.54	4.66	4.62
Wool (pound).....cents..	20.1	23.8	47.2	79.8	98.0	54.4
<b>Other nonbasic commodities:</b>						
Barley (busheL).....dollars..	\$ 1.619	.533	1.10	1.19	1.27	\$ 1.48
Cottonseed (ton).....do.	26.30	27.52	43.60	102.00	101.00	71.00
Flaxseed (busheL).....do.	1.71	1.69	3.64	3.59	4.25	4.54
Oats (busheL).....do.	2.399	.340	.705	.849	.882	\$ 0.954
Rye (busheL).....do.	2.720	.554	1.25	1.37	1.48	\$ 1.73
Sorghum, grain (100 lb.).....do.	1.21	1.17	1.89	1.88	2.10	\$ 2.90
Soybeans (busheL).....do.	1.00	.954	2.11	2.70	2.90	2.72
Sweetpotatoes (busheL).....do.	.921	.807	2.18	1.73	1.94	2.47
Beef cattle (100 lb.).....do.	6.78	6.56	19.40	25.40	27.00	19.10
Chickens (pound).....cents..	11.4	14.9	20.3	22.3	24.3	30.2
Eggs (dozen).....do.	21.5	21.7	31.2	57.7	42.6	\$ 51.5
Hogs (100 lb.).....dollars..	7.52	8.58	15.10	17.70	20.00	20.60
Lambs (100 lb.).....do.	7.48	7.79	21.60	27.40	30.00	21.00
Veal calves (100 lb.).....do.	7.62	7.80	23.30	28.90	30.80	21.50
Oranges, on tree (box).....do.	2.29	1.11	1.81	1.71	1.26	\$ 3.58
Apples (busheL).....do.	1.04	.90	1.66	2.12	2.17	2.77
Hay, baled (ton).....do.	8.71	11.20	21.90	21.80	22.60	23.30

<sup>1</sup> Adjusted base period prices 1910-14, based on 120-month average January 1940-December 1949 unless otherwise noted.

<sup>2</sup> Parity prices are computed under the provisions of title III, subtitle A, section 301 (a) of the Agricultural Adjustment Act of 1938 as amended by the Agricultural Acts of 1948 and 1949.

<sup>3</sup> 60-month average, August 1909-July 1914.

<sup>4</sup> Revised.

<sup>5</sup> 10-season average 1919-28.

<sup>6</sup> Transitional parity, 90 percent of parity price computed under formula in use prior to Jan. 1, 1950.

<sup>7</sup> Preliminary.

## Outlook Highlights

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Hog prices advanced considerably in recent weeks. The average farm price rose from \$17.70 in mid-December to \$20 in mid-January.

Prices of the top grades of cattle rose more than other grades in late 1950 and January. Slaughter has declined about seasonally and is about the same as a year earlier. Slaughter weights have been considerably heavier than last year.

Lamb prices set new records in January. Slaughter is declining seasonally and will continue below a year earlier.

### Wool Demand Increasing

Prices received for wool by United States growers have set new records each month since last September. The

average of 98 cents for January was 50.8 cents higher than in January last year.

Military requirements for wool in the United States are increasing. A war reserve equal to 100 million pounds of wool, clean basis, has been authorized. After this reserve has been built up, the Munitions Board will begin buying wool for stockpiling.

The step-up in rearmament over the world is expected to increase demand for wool during coming months. World supplies are lower than last season, although production is increasing.

### Cotton Moves Higher

With supplies short in relation to demand, cotton prices continue upward. The average prices of Middling 15/16 inch cotton in the 10 spot markets on January 23 was 45.14 cents per

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## Economic Trends Affecting Agriculture

Year and month	Industrial production (1935=100) <sup>1</sup>	Total income of industrial workers (1935-39=100) <sup>2</sup>	Average earnings of factory workers per worker (1910-14=100) <sup>3</sup>	Wholesale prices of all commodities (1910-14=100) <sup>4</sup>	Index numbers of prices paid by farmers (1910-14=100) <sup>4</sup>			Index numbers of prices received by farmers (1910-14=100) <sup>4</sup>			
					Commodities	Wage rates for hired farm labor	Commodities, interest, taxes, and wage rates	Dairy products	Poultry and eggs	Meat animals	All livestock
1910-14 average	58	50	100	100	100	100	100	100	100	100	100
1915-19 average	72	90	152	158	149	147	148	147	153	162	157
1920-24 average	75	122	221	160	159	181	168	159	163	121	140
1925-29 average	98	129	232	143	151	184	161	161	155	145	152
1930-34 average	74	78	179	107	117	121	124	105	94	83	91
1935-39 average	100	100	199	118	124	121	125	119	108	117	115
1940-44 average	192	236	315	139	148	211	152	169	145	166	162
1945 average	203	291	389	154	179	359	189	230	194	207	210
1946 average	170	276	382	177	197	387	207	267	197	248	241
1947 average	187	328	436	222	230	419	239	272	219	329	287
1948 average	192	354	472	241	250	442	250	300	235	361	314
1949 average	176	325	478	226	240	430	260	261	219	311	272
1950 average				236	246	425	255	247	181	340	278
<i>1950</i>											
January	183	323	410	221	238	422	248	264	188	286	240
February	180	316	411	223	237	-----	248	260	155	306	257
March	187	337	413	223	239	-----	250	243	165	308	258
April	190	340	496	223	240	424	251	235	161	312	256
May	195	349	502	228	244	-----	264	230	154	342	269
June	199	362	513	230	245	-----	255	227	156	342	268
July	196	366	516	138	247	425	256	232	173	371	287
August	209	392	526	243	248	-----	258	240	191	369	292
September	211	397	529	247	252	-----	261	248	196	372	298
October	217	406	540	247	253	428	261	261	201	358	296
November	215	-----	541	251	255	-----	263	267	209	357	299
December	-----	-----	256	257	-----	-----	265	272	249	360	311
<i>1951</i>											
January				262	450	272	286	203	391	323	

Index numbers of prices received by farmers (1910-14=100)<sup>4</sup>

Year and month	Crops							All crops and livestock	Parity ratio <sup>7</sup>
	Food grains	Feed grains and hay	To-bacco	Cotton	Oil-bearing crops	Fruit	Truck crops		
1910-14 average	100	100	100	100	100	100	-----	100	100
1915-19 average	193	161	183	175	201	126	-----	171	164
1920-24 average	147	125	189	197	155	157	152	162	150
1925-29 average	141	118	169	150	135	146	145	143	148
1930-34 average	70	76	117	77	78	98	104	84	88
1935-39 average	94	95	172	87	113	95	95	99	107
1940-44 average	123	119	241	138	170	150	164	145	154
1945 average	172	161	360	178	228	244	207	203	206
1946 average	201	196	376	237	260	250	182	227	234
1947 average	270	249	374	272	363	212	226	263	275
1948 average	250	250	380	270	351	174	214	252	285
1949 average	219	170	398	245	242	199	201	223	249
1950 average	224	187	402	280	276	200	185	232	256
<i>1950</i>									
January	218	170	382	222	228	185	261	219	235
February	219	171	389	231	228	186	203	215	237
March	224	174	389	236	230	193	168	215	237
April	227	181	389	242	239	206	205	225	241
May	230	190	387	246	248	195	178	223	247
June	218	190	388	251	254	207	182	225	247
July	226	195	387	278	267	211	200	236	263
August	224	193	395	311	293	200	164	239	267
September	221	194	428	336	303	217	126	243	272
October	219	188	426	327	300	207	138	238	268
November	224	192	428	346	351	194	188	250	276
December	233	202	436	339	366	202	211	258	286
<i>1951</i>									
January	240	214	442	347	374	192	324	275	300

<sup>1</sup> Federal Reserve Board; represent output of mining and manufacturing; monthly data adjusted for seasonal variation.

<sup>2</sup> Computed from data furnished by Bureau of Labor Statistics and Interstate Commerce Commission on pay rolls in mining, manufacturing, and transportation; monthly data adjusted for seasonal variation. Revised January 1950. <sup>3</sup> Bureau of Labor Statistics.

<sup>4</sup> Farm wage rates simple averages of quarterly data, seasonally adjusted.

<sup>5</sup> Revised. <sup>6</sup> Preliminary.

<sup>7</sup> Ratio of index of prices received to index of prices paid, interest, taxes, and wage rates. This parity ratio will not necessarily be identical to a weighted average percent of parity for all farm products, largely because parity prices for some products are on a transitional basis. <sup>8</sup> 1924 only.

# Outlook Highlights

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pound, the highest since 1915. Prices received by farmers in mid-January averaged 41.31 cents, 125 percent of parity and the highest on record.

## Milk Consumption Up

Compared with a year ago, consumption of fluid milk has continued to increase recently. Since milk production is running below a year ago, considerably less milk has been available for manufacturing. Butter output is running about 15 percent under early 1950 while cheese production is down a tenth. On the other hand, production of condensed, evaporated and dry whole milk and ice cream is above a year earlier.

## Processor Demand Stronger

Vegetable growers will be making contracts with commercial canners and freezers during the next few months. Processors are likely to offer higher prices to farmers for most crops than last year. With military and civilian demand for canned vegetables stronger than last year, processors will be interested in having the acreage planted to these crops as large or larger than in 1950.

## Indexes Up in January

The General Ceiling Price Regulation announced on January 23 came at a time when prices generally were continuing the sharp uptrend that began last July after the Korean outbreak.

Wholesale prices advanced further in January; have gained an average of 2 percent a month since June.

The index of prices paid by farmers including interest, taxes and wage rates set a new record for the third consecutive month when they rose 3 percent above mid-December.

Prices received by farmers rose 5 percent from mid-December to mid-January. This brought the index to 21 percent above June but it is still 2 percent short of the January 1948 peak.

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